

M e m o r a n d u m

To : Honorable Jerome E. Horton, Chairman
 Honorable Michelle Steel, Vice Chair
 Honorable Betty T. Yee, First District
 Senator George Runner (Ret.), Second District
 Honorable John Chiang, State Controller

Date : June 20, 2011

From : Robert Ingenito
 Chief, Research and Statistics Section

Subject **Project Regulation 1685.5 Alternative Use Tax Lookup Table - Should ABx1 28 become Law.**

This Memo follows up on a request that staff develop an alternative lookup table for consideration by the Board, should the Governor sign ABx1 28. The Research & Statistics staff reviewed the current proposed lookup table and the language in the proposed ABx1 28, and calculated the alternative look up table set forth below. The alternative lookup table does not reflect other current and potential future actions by the Legislature.

Current Lookup Table before the Board:

Regulation 1685.5 as Proposed. This is the lookup table currently under consideration with respect to Regulation 1685.5:

Adjusted Gross Income (AGI) Class			Use Tax Liability
Less Than \$20,000			\$7
\$20,000	to	\$39,999	\$21
\$40,000	to	\$59,999	\$35
\$60,000	to	\$79,999	\$49
\$80,000	to	\$99,999	\$63
\$100,000	to	\$149,999	\$88
\$150,000	to	\$199,999	\$123
Over \$200,000 Multiply AGI by 0.070%			

Alternative Lookup Table, if ABx1 28 is signed into law:

Below is an alternative lookup table, which assumes that (1) the Governor signs ABx1 28, and (2) the bill's revenue estimate of a \$317 million (\$200 million General Fund) revenue gain is actually realized. An increase of \$317 million would reduce the 2011-12 estimated use tax gap by 37 percent. Thus, the alternative table reduces the use tax liability for each income class by that amount (adjusting for a half-year effect, before rounding to the nearest dollar).

Adjusted Gross Income (AGI) Class			Use Tax Liability ¹
Less Than \$20,000			\$6
\$20,000	to	\$39,999	\$17
\$40,000	to	\$59,999	\$29
\$60,000	to	\$79,999	\$40
\$80,000	to	\$99,999	\$51
\$100,000	to	\$149,999	\$71
\$150,000	to	\$199,999	\$100
Over \$200,000 Multiply AGI by 0.057%			
¹ These use tax liabilities reflect a half-year effect of the enactment of ABx1 28.			

Please let me know if you have any questions or need additional information.

RI:ls

cc: Ms. Regina Evans
Mr. Louis Barnett
Mr. Alan LoFaso
Mr. Sean Wallentine
Ms. Marcy Jo Mandel
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